

Message Text

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PAGE 01 BUCAR 02445 041520Z

41

ACTION OPIC-06

INFO OCT-01 EUR-12 ISO-00 EB-07 AID-05 COME-00 L-03 /034 W

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R 041428Z JUN 75

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 2971

LIMITED OFFICIAL USE BUCHAREST 2445

E.O. 11652: N/A

TAGS: EINV, RO

SUBJECT: OPIC INSURANCE -- GENERAL TIRE 180-73-386

REFS: A) STATE 125416; B) VICK MEMO MAY 8, 1974

1. IN APPROACHING GOR FOR APPROVAL OF OPIC COVERAGE OF GENERAL TIRE TECHNICAL ASSISTANCE FEES, EMBASSY WOULD LIKE TO ANTICIPATE SOME OF THE QUESTIONS GOR LIKELY TO RAISE AND BE BETTER PREPARED TO EXPLAIN OPIC POLICY TOWARD INVESTMENTS OTHER THAN PARTICIPATION IN JOINT VENTURES.

A. SUGGESTED TEXT FOR GOR APPROVAL (REF A) REFERS TO GENERAL TIRE'S "INVESTMENT" IN SEVERAL PLACES. SINCE THE FEES INVOLVED MAY APPEAR TO GOR TO BE PAYMENT FOR CONTINUING SERVICES, COULD OPIC ELABORATE WHAT FORM OF INVESTMENT OPIC RECOGNIZES IN THIS CASE? AS WE UNDERSTAND IT, THE RADIAL TIRE PLANT COVERED BY THIS CONTRACT IS WHOLLY OWNED BY GOR. GENERAL TIRE HAS DISCUSSED EQUITY PARTICIPATION IN OTHER PROJECTS, SO OPIC'S DEFINITION OF "INVESTMENT" MAY INTEREST GOR BEYOND THIS CASE.

B. WOULD ANY US TECHNICAL ASSISTANCE CONTRACT HERE BE ELIGIBLE FOR OPIC INSURANCE, OR ARE THERE FEATURES OF THIS GENERAL TIRE CONTRACT WHICH HAVE ENTITLED IT TO SPECIAL CONSIDERATION?

2. EMBASSY IS OF VIEW THAT, IF GOR HAS RESERVATIONS ABOUT EXTENSION OF BILATERAL AGREEMENT TO COVER GENERAL TIRE'S

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PAGE 02 BUCAR 02445 041520Z

TECHNICAL SERVICES AGREEMENT, PROBABILITY OF POSITIVE

GOR RESPONSE MIGHT BE INCREASED AS PROSPECTS FOR CON-
GRESSIONAL APPROVAL OF TRADE AGREEMENT IMPROVE. TACTI-
CALLY, THEREFORE, WE THINK MOST PROHPTTIOUS TIME TO SUBMIT
LETTER WOULD BE WHEN PASSAGE SEEMS ASSURED. WOULD THIS
TIMING REPRESENT PROBLEM FOR OPIC OR GENERAL TIRE?
BARNES

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, AGREEMENTS, TECHNICAL ASSISTANCE, JOINT VENTURES, FOREIGN INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BUCHAR02445
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750195-0629
From: BUCHAREST
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750679/aaaactxm.tel
Line Count: 67
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 125416, 75 VICK MEMO MAY 8, 75 1974
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 11 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 JUN 2003 by BoyleJA>; APPROVED <22 OCT 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPIC INSURANCE -- GENERAL TIRE 180-73-386
TAGS: EINV, RO, US, OPIC, GENERAL TIRE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006